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3 March 1965

MEMORANDUM FOR THE RECORD

1. Upon being advised by [] on 1 March about the consideration being given by the Government to the sale of RCA color television equipment to the USSR and the problem this may pose to U. S. intelligence and security interests, I sent the attached letter to the Secretary of State, Secretary of Defense, Secretary of Commerce, and Mr. McGeorge Bundy on 2 March.

25X1

2. I directed [] to assemble the SIGINT Committee to develop a position on the matter and I also directed that the CIA Director of Security and the AD/RR provide inputs to the SIGINT Committee deliberations from the standpoint of security and COCOM relationships.

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3. At about 1730 on 2 March I received a telephone call from Assistant Secretary of Commerce Thomas Wyman, who said he had received my letter. He told me that the matter had been under consideration in various Government agencies for a number of months. He said in particular that the DOD had gone into this matter in great detail and depth. The DOD's first inclination was to take a negative view but the DOD position has since changed and Secretary McNamara has written to the Secretary of Commerce giving the DOD approval to an RCA sale.

4. Mr. Wyman indicated that a position from the DCI would be required before the week is out as the subject is in the very final stages of consideration. He suggested that the DOD and CIA meet to discuss the issues and indicated that he might have Secretary Vance telephone me to make arrangements. I explained that I would discuss the matter at a meeting of the United States

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Intelligence Board scheduled for 3 March and would advise the recipients of my 2 March letter of the position reached by USIB.



Marshall S. Carter
Lieutenant General, USA
Acting Director

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TELEPHONE CONVERSATION - 8 March 1965 - General Carter to Francis Bator, S

Mr. Bator: General Carter, good morning, sir, Francis Bator.

General Carter: Yes, I was just following up on a call you'd made/ to me to see if we can help you.

Mr. Bator: I was really calling to check whether the issue raised in your memorandum last week to Bundy, which you also sent, I believe, to Connor and to the Task Force, in your terms the issue is being resolved satisfactorily or not.

General Carter: Well, no resolution has been made to my knowledge, and the SIGINT Committee has made a report which I have in hand and I have a draft letter which I am considering to send to the four people. So, there has been no resolutions to my knowledge yet.

Mr. Bator: Can you indicate which way you --

General Carter:: Well, it's one of those judgment factors where it really isn't ~~black~~ black and white -- there's a lot of misinformation been around the Community and there's a lot of lack of information as to just what the progress of the other fellow might be in this field. And then, of course, there's some great advantages to this country in a number of different ways to go ahead with the proposal if you're looking at it purely from that side of the fence. I'm not going to be able to come down ~~a~~ hard on this like I would on other types such as [] and [] ~~a~~ STAT were one time working on, you know? I mean that's either black or white.

Mr. Bator: It's not that clear cut.

General Carter: No, it's not that clear cut at all and it's going to have to be a judgment factor, or the judgment is going to have to be made by somebody other than us in the Intelligence Community. I just want to make sure that everybody knows what they're doing when they do this.

Mr. Bator: Well, that's what my instructions to Commerce were, I told Wyman, if there was any question, in fact I really made it unconditional that they were to come over here before final decision was made.

General Carter: I think this would be a very fine thing, yes. The Committee operates under the Secretary of Commerce, but none of the intense analysis and look-see at the idea had been done by anyone until I stirred up the pot.

Mr. Bator: Not Defense'?

General Carter: No, not to the degree that we now have it. As I said, there was a lot of misinformation going around, but I think we now have everything on the track. We have a lot of information. Approved For Release 2002/08/21 : CIA-RDP80B01675R001300160002-1

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General Carter: I'll probably get something out by noon today on it.

Mr. Bator: Thank you.

General Carter: Yes, sir.

TELEPHONE CONVERSATION -- Secretary of Commerce Conner to General Carter, morning of 8 March 1965.

Secretary C: General Carter? John Connor, Secretary of Commerce.

General C: How are you, sir?

Secretary C: Fine. In connection with this RCA color TV situation.

General C: Yes, sir.

Secretary C: And I'm not completely up to date, but I understand you do have a problem and you are going to be having further discussions with the Defense people, and I would urge you to do that at the appropriate moment as quickly as possible. I just want you to know that General Sarnoff has taken it upon himself to put the matter in the President's lap, and on Saturday afternoon I happened to be in the office and I was given a copy, by personal messenger from General Sarnoff, of a letter that he sent dated March 5th to the President, and I don't know where he got all his information, probably some of it unauthorized, but the letter does say this: "Since last August, our representatives have sought this ~~meeting~~ clearance at many meetings with appropriate authorities in the Department of Commerce, Defense and State. Each of these Departments has been most cooperative and each has advised us that it has no objections to granting the necessary clearance. However, the Department of Commerce, which would be responsible for ~~issuance~~ issuance of the formal authorization, has informed us that it cannot act because of objections raised by ~~a~~ one undisclosed Agency of the Government." Now, I have talked to Assistant Secretary Tom Wyman this morning, and he was the one who told that to the RCA Vice President here in Washington. And the letter goes on to say "We have not been informed of the reason for denying clearance. We can only surmise that it has been blocked through a misunderstanding of some security aspects in certain circuits of our color tape recorder. Yet, these circuits were developed as part of normal operations and are in wide-spread and commercial use. In our frequent meetings with the Department of Defense, they have told us that these circuits are not of the type considered to be of strategic importance. Hundreds of tape recorders equipped with these circuits are already installed in nations in the Near and Far East, in Africa and South America, in Western Europe and Yugoslavia. I turn now to you with this problem because I know you would not want a misunderstanding within Government to deny American industry a major opportunity to increase its exports, to help our balance of payments, and to secure worldwide acceptance of ~~a~~ American color standards, which are undoubtedly the best." Well, I just wanted you to know that this is there so that you can be responsive in case there are some

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General C: Yes, sir. I turned the matter over to an appropriate committee of the U.S. Intelligence Board, and that committee has come up with a report to me which I received on Saturday, and I'm about to go to press with a letter carrying forward further my previous letter in which I said please let us have a look at it. The matter is not a black and white one. Its a question of judgment. ~~The~~ The judgment is not ours, and I would propose to point out what the various hazards and dangers might be. We, of course, are fully cognizant of the balance of ~~power~~ *payment* arguments and multi-million dollar, and we are just as anxious to get on with that as Sarnoff.

Secretary C: Well, (~~in~~ ~~audible~~) (inaudible) a subsidiary to the national security aspect, and that's my point of view on it. ~~It~~ I think, as I understand it, that this was a Department of Defense development, that it's most important that you have your conversations with Secretary McNamara and Deputy Secretary Vance, because we're going to be guided by their conclusions.

General C: Surely. Well, I don't see any -- Dr. Fubini was the one who contacted me, and of course the people who have the most critical interest in this work for an Agency under his cognizance.

Secretary C: Yes, well, I know that. I think it's really up to you or Mr. McCone to handle this personally with Secretary McNamara.

General C: Fine. Okay, then I'll get in touch with him, Mr. Secretary, and -- I ~~x~~ wondered if at an appropriate time you would like us to give you a briefing and possibly ~~x~~ some extra clearances in this particular area, if you think it will come up again.

Secretary C: Well, I think it may and one of your associates was here on Friday in preparation for such a meeting with you at some time.

General C: Okay, fine.

TELEPHONE CONVERSATION - 8 March 1965 - General Carter to Mr. Bator.

General C: This is Carter. I just had a call from Secretary Connor stating that he had seen or was aware of a letter that the President had received from Sarnoff on this, apparently in considerable detail, and Connor told me that in that letter Sarnoff had said that everything had been fine and greased by everybody until at the last minute an unnamed Agency of the Government was objecting. Connor tells me that one of his Assistant Secretaries, Manley, I guess his name is, --

Mr. Bator: Wyman.

General C: Wyman - that Wyman had told Sarnoff this. The point is first that we're not objecting. The letter that I wrote merely said let's have a look at this, you see? And, the letter that will come out today says "here are the pros and cons, we want to make damn sure you know them all before you make a decision." I just wanted you to know that. I don't think it's necessary for us to see this letter from Sarnoff. I think, personally, it was out of line. We're just as well aware, and so is the Government in toto, of the balance of payments problem, and you know, the size of --

Mr. Bator: Well, those people, you know, never know when to stop.

General C: Sure. Well, Connor suggested that I should get together with McNamara and work on this directly. I don't think it's necessary to light up those kinds of lights, but I'll talk to Fubini -- he was the one who ~~x~~ called me the other day.

Mr. Bator: I would think -- Fubini made the DOD judgment -- I would think it would make sense to talk to Fubini and then if, to your satisfaction, they haven't looked at it carefully enough, then it would be worthwhile to go to McNamara, to go to Brown and then McNamara on it. I'll get ahold - I haven't seen the Sarnoff letter to the President. I assume the mail people over here simply sent it right off to Commerce. But, I'll get ahold of it and I won't do anything about it (inaudible).

General C: Well, Connor was really alerting me to the fact that at least it had been injected into the White House. He thinks, and I'm in complete agreement with it, that the decision really should be made at the White House, probably.

Mr. Bator: Well, I'm ~~xxxx~~ not sure. You know, we wanted to protect the President. And sometimes Cabinet officers don't realize -- when and when not to go ~~thex~~ to the Company Commander who is a very valuable guy.

General C: Yes, that's an entirely different viewpoint and I'm in complete agreement with it. I think you're dead right.

Mr. Bator: I think that I will first try and track down -- Connor called you himself, ~~ix~~ did he?

General C: Yes.

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Mr. Bator: I will track down the letter and find out where it stands. You will get in touch with Fubini?

General C: Yes, I'll call Fubini right away. It's not nearly as, I don't think, a matter of such national import that everybody has to light up all their lights.

Mr. Bator: And that's why -- we wanted to see it over here, but in the end, I suspect it ought to be a decision of the Cabinet Officer charged with making these decisions.

General C: I think you're right.

Mr. Bator: And ;his Committee.

General C: Okay, coach, thank you.

TELEPHONE CONVERSATION General Carter and Dr. Fubini - 8 March 1965.

General C: Gene?

Dr. Fubini: I received your paper on the color TV.

General C: Yes.

Dr. Fubini: Is that what you're calling about?

General C: Yes, sir, and because I've had several calls in the interim. I have, of course, a draft letter to accompany that paper which I have not signed off on.

Dr. Fubini: I have two copies -- you have a letter sent to the Department of Commerce.

General C: I sent an original letter~~s~~ of only one paragraph saying, "look, let's take a look at this."

Dr. Fubini: No, I have a copy of a USIB paper with a letter prepared by you ~~dx~~ direct to the Department of Commerce. Vance asked me to prepare an analysis of the conclusion, and I was in the process of doing that and I hope to have it by noon.

General C: Well, I haven't signed any letter to anybody.

Dr. Fubini: Oh, I see, this was a draft then, not the letter. I have a copy.

General C: Yes, I see, that's 5 March.

Dr. Fubini; That's correct.

General C: And it has an attachment. Yes, well this is what I'm calling about. I have not signed that letter, and I have some additional information which bears on the problem, but not from the intelligence aspects, however, from other aspects. I've had a call from Connor who has asked me to get in touch with McNamara on this. And, I ~~thought~~ thought I'd better call you because my contact with DOD has been with you.

Dr. Fubini: Well, I had discussed the matter with Blake, as you know, and on the base ~~just~~ of my conversation with Blake, I made a (inaudible) to McNamara for McNamara to write a letter to Connor saying that from his point of view, things were all right. Then Blake, as you know, said he had gone somewhat to hastily and you ~~has~~ brought the matter to the USIB. Then, on the base of the letter you sent to me, I went to see Vance this morning and gave him a brief outline of the arguments you had made. And so, Vance said would you please go back and summarize the arguments, and give me your answer, if any, to these arguments, which would indicate they would prevent us ~~from preventing us from selling color TV to the Russians.~~ And my idea was

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Dr. Fubini (cont'd): to do this before early afternoon and ~~h~~ go back to Vance and see what Vance's position was going to be of the facts that you present in your ~~rp~~ report, and my comments.

General C: Sure. Well, I don't see any point in my talking to either Vance or McNamara ~~x~~ at this stage of the game.

Dr. Fubini: It seems to me there isn't any point. McNamara knows nothing about it and Vance has read your proposed (inaudible). But, I did not ~~x~~ tell him because I did not know that the letter had not been signed. I'm very sorry. I told him that this was a USIB paper and I gave it to him --

General C: Well, it's not even a USIB paper. It's a paper prepared by --

Dr. Fubini: It's a tentative draft.

General C: Prepared by a subcommittee of USIB and it hasn't been acted on by USIB and will not be, probably.

Dr. Fubini: I misled him on that. Now why don't you do this. If you will permit me, would it be all right for me to get my ~~charts together~~ thoughts together, and then after I do that, you Vance and I could get together, if that is suitable to you.

General C: Sure, that's all right. I think you should also know that Connor told me that Sarnoff had written to the President on it.

Dr. Fubini: Sarnoff has not only written to the President, Sarnoff has requested an audience with the President on this subject. And that's another one that I was trying to forestall, because I saw no reason to bring the President into this matter. If I were the President and if we, as members of his staff, cannot handle this, I would try to change the Agency head. I told George Brown, who is really doing the job, to keep Sarnoff away from the President if he can.

General C: You know, there are some related problems that are in the intelligence Community, but I want to make sure that somebody was aware of them. As I understand it, we have committed ourselves to the co-Com program

Dr. Fubini: What is that?

General C: That's the Commerce committee, the program, of international embargo, and that France is a participating country.

Dr. Fubini: France is what?

General C: France is a participating country in the embargo,

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Dr. Fubini: And ~~for~~ France has violated the agreement.

General C: Oh, I see. Well, the point I'm trying to make is that under the embargo agreement, it requires unanimous approval.

Dr. Fubini: My dear friend, that's a beautiful story. What France did, and may I say that's one of the reasons -- sent DeGaulle to Moscow, and not only that, to make the (inaudible) more binding, they used, as ~~you attached and~~ your attachment correctly states, by the way, used the RCA recorder to support the (inaudible) solutions. And they said to protect the technology, and you can have that, as you said. Because of the particular ~~SECAM~~ (?) technology that France uses, they have a recorder problem which cannot be resolved by any other means except the TR-4(?). (Portion inaudible). I was fully aware of this. As a matter of fact, the people in RCA are very serious because we are not protecting American industry from a ~~to~~ (inaudible) which violates an international agreement. But, may I say, remember, the Co-Com agreement has a 5-year (?) rule and France has really violated it by giving them 15 years. So that agreement, I don't think, is worth very much any more.

General C: So, we can go ahead, regardless of a French veto.

Dr. Fubini: Well, they've violated the agreement. How can they veto it? Oh, I see, France can veto our giving the recorder to them.

General C: Under the ~~same~~ terms of the embargo.

Dr. Fubini: Okay, I understand, and thanks very much for bringing it to my attention.

General C: It doesn't make a damn bit of sense, but it's not an intelligence problem so I thought I would drop it in your lap.

Dr. Fubini: Okay, thank you very much. Now, let me come back to you later on tonight, may I/? And I understand now that this is not agreed and not signed and I will correct the impression I had left.

General C: Yes, if you would make sure Vance knows. I have not signed anything. In fact, I'll probably sit tight until I hear from you.

Dr. Fubini: Fine, I shall do that.

General C: I see nothing wrong with my letter. It doesn't say yes or no

Dr. Fubini: As I told Vance, I felt that your letter was as (?) a letter as we could expect to have and there was ~~a~~ no element of fact (inaudible). There may be some conclusions with which I disagree, but as far as I am concerned, the facts are stipulated and they are correct. Okay?

General C: Okay, I'll wait for a call from you.

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